REMARKS

Applicants reply to the Office Action dated April 17, 2007 within the shortened three-month statutory period for reply. Claims 2-10, 15, 16, 19, 21-25, 38, 53-58, and 61-64 were pending in the application and the Examiner rejects claims 2-10, 15, 16, 19, 21-25, 38, 53-58, and 61-64. Support for the amendments may be found in the originally-filed specification, claims, and figures. No new matter has been introduced by these amendments. Reconsideration of this application is respectfully requested.

Claims Rejected under 35 U.S.C. § 103

The Examiner rejects claims 2-10, 15, 16, 19, 21-25, 38, 53-58, and 61-64 under 35 U.S.C. § 103(a) as being unpatentable over Walker et al., U.S. Patent No. 5,794,207 ("Walker 1") in view of Walker et al, U.S. Patent No. 6,108,639 ("Walker 2") and in further view of Ronning et al., U.S. Patent Publication No. 2005/0154676 ("Ronning"). Applicants respectfully traverse this rejection.

Walker 1 discloses a system whereby an offer to buy is distributed to a number of suppliers for consideration. Specifically, the Walker 1 system enables a buyer to submit a binding purchase offer globally to potential sellers. The binding purchase offer defines the price and other terms that the buyer would find acceptable. The binding purchase offer is submitted along with the buyer's credit card number to a central processor which verifies whether the buyer has a sufficient credit balance to cover a purchase at the buyer defined price. The binding purchase offer is then searchable by any number of sellers who may accept a binding purchase offer. The credit card of the buyer is charged for the amount of the purchase and the seller provides the item or service to the buyer.

Walker 2 discloses a system that is very similar to that of Walker 1; however, the Walker 2 system is directed primarily toward the trade of collectables. As disclosed by Walker 2, the trade of collectables over online commerce is unique in that the precise condition of the collectable is unknown to the buyer. Therefore, in order to apply the binding purchase offer system of Walker 1, Walker 2 discloses a third-party dealer/authenticator who receives a collectable from the seller when a binding purchase offer has been accepted. The dealer/authenticator determines whether the collectable meets the conditional criteria defined within the binding purchase offer. If the dealer/authenticator confirms the collectable's condition, then the binding purchase is invoked causing the credit card of the buyer to be debited, an account of the seller to be credited, and the collectable to be shipped to the purchaser.

Both Walker 1 and Walker 2 disclose systems for promoting and managing online commerce. Each reference further discloses a means for protecting both the buyer and the seller from fraudulent purchase transactions. However, this assurance does not provide for the determination of whether the use of the credit instrument for payment in the transaction is not fraudulent. In other words, there are no safeguards disclosed preventing a buyer from paying for goods or services with a stolen credit card. According to both Walker 1 and Walker 2, if a clearinghouse determines that there is an adequate line of credit available for a purchase, the purchase is allowed to proceed.

Ronning generally discloses an electronic commerce system configured to detect fraud during electronic commerce transactions. Specifically, the Ronning system determines the likelihood that an electronic purchase order is fraudulent based on information relating to prior attempted purchases using information in the order form. The Ronning system determines whether or not to accept a purchase order by comparing the information in an order to information from various databases such as, for example, a commerce database, a credit card fraud database, and summary database. If commonality is found between the order and any of the information from the databases, then the Ronning system may decline the purchase transaction. If, however, the order is found to represent a low risk, then the Ronning system executes the transaction as is common in the art (e.g., transmit a credit card authorization to a card issuer system, receive authorization, provide access to enable the customer to download the purchased digital material, receive payment from a clearinghouse associated with the card issuer).

Applicants note that there are at least two significant differences between the Ronning system and the presently claimed invention. First, **the Ronning system resides as a part of a merchant server and is not associated with a financial account (e.g., a credit card issuer), thus is unable to execute a debit on a financial account associated with a purchaser. As in other merchant systems, Ronning is only able to request a debit of the card holder's account. It is the card issuer that performs the actual debiting of the account. This is significant, because most fraud relating to credit/debit card transactions are discovered at the card issuer level.** Thus, the issuer rather than the merchant is better positioned to detect fraud when it relates to a line of credit or banking account.

Second, the Ronning system performs its fraud detection analysis based on information relating to the purchaser's relationship with the merchant. In other words, Ronning examines purchase transaction information to determine, for example, whether a purchase is being attempted

by a person who may have previously facilitated a purchase with a stolen credit card number. Again, it is the card issuer that determines when credit/debit card fraud occurs, thus this information must be provided to the merchant from the card issuer. As a result, the Ronning system would be incapable of determining a fraud risk when transactions occur in a relatively short period of time. To the contrary, the presently claimed invention performs a fraud risk assessment based on transaction and credit/bank account information. Therefore, it is better able to detect credit/debit card fraud based on a number of considerations including account history, transaction amount, purchase location, and the like. **In any case, Ronning performs a fraud risk analysis at the seller level, while the presently claimed invention performs fraud risk analysis at the transaction account level.** As such, neither Walker 1, Walker 2, Ronning, nor any combination thereof, disclose or suggest at least, "comparing, at said transaction mechanism, said transaction information with previous transaction information to determine whether said request to debit said first financial account is fraudulent," and "debiting, at said transaction mechanism, funds from said first financial account in the amount of a sales price of said item when said request to debit said first financial account is not fraudulent," as similarly recited by independent claims 6, 25, 38, and 57.

Claims 2-5, 7-10, 15-16, 21-24, 53-56, 58 and 61-64 variously depend from independent claims 6, 25, 38, and 57. As such, dependent claims 2-5, 7-10, 15-16, 21-24, 53-56, 58 and 61-64 are differentiated from the cited references for at least the reasons set forth above, as well as in view of their own respective features.

In view of the above remarks and amendments, Applicants respectfully submit that all pending claims properly set forth that which Applicants regard as their invention and are allowable over the cited references. Accordingly, Applicants respectfully request allowance of the pending claims. The Examiner is invited to telephone the undersigned at the Examiner's convenience, if that would help further prosecution of the subject application. Applicants authorize and respectfully request that any fees due be charged to Deposit Account No. 19-2814.

Respectfully submitted,

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